Identity verification startup Socure raises $450M at $4.5B valuation, adding Tiger Global as new investor

Anita Ramaswamy
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Socure, a company that uses AI and machine learning to verify identities, announced today that it raised $450 million in funding for its Series E

The round brings the company's valuation to $4.5 billion, up from $1.3 billion this March when it raised $100 million for its Series D. Its new valuation makes Socure the highest-valued private company in the identity verification space, according to the company.

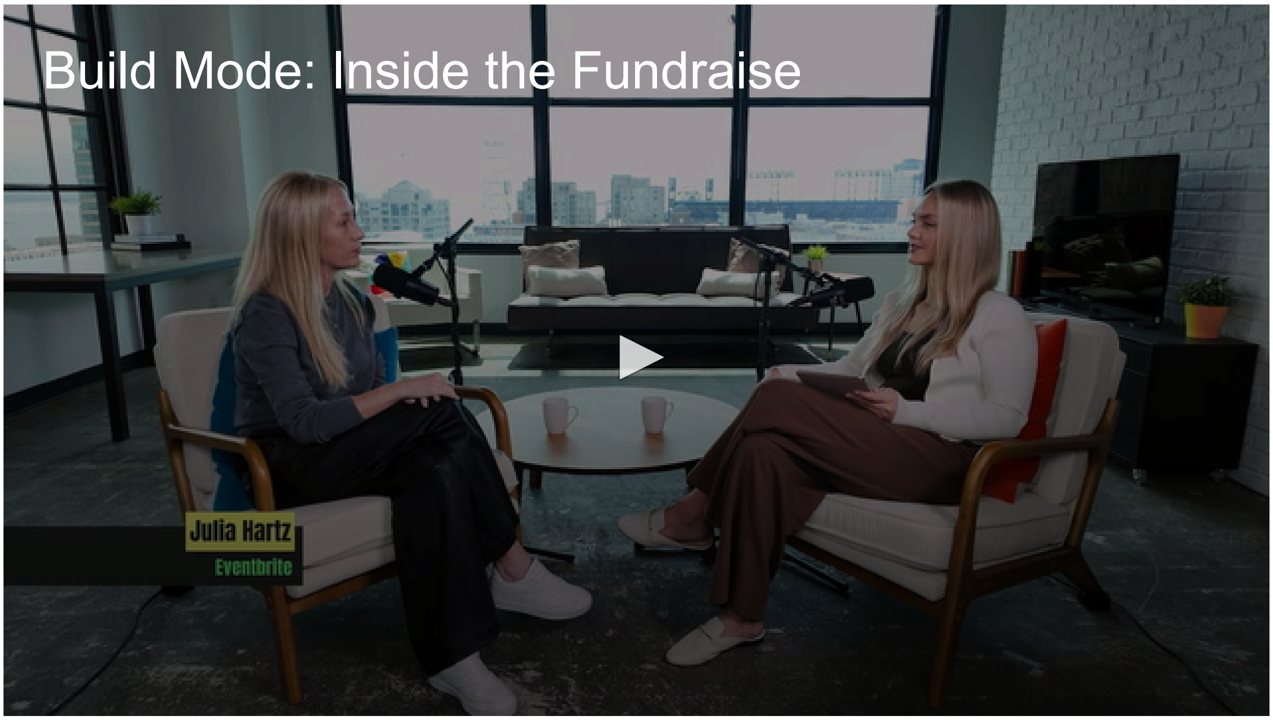
Bain Capital Ventures and Tiger Global joined the round as new investors. Existing investors Commerce Ventures, Scale Venture Partners and Sorenson Ventures also participated. The round brings its total funding raised to $646 million since it was founded in 2012.

Socure's identity resolution engine uses predictive analytics to parse over 8 billion records, providing a multi-dimensional picture of a consumer's identity for fraud detection purposes, even for hard-to-identify populations, including those who are Gen Z, credit-invisible or new to the country.

Socure's customer base includes 12 of the top 15 banks and a roster of fintech companies, online gaming providers and crypto exchanges — Voyager, Public, Stash and DraftKings, to name a few. Socure CEO Johnny Ayers told TechCrunch that about 35% of its customers today are not in the financial services sector.

The company plans to use the funds in two ways — to execute on its mission to "verify 100% of good identities and completely eliminate identity fraud" and to increase its investments "across the entire identity processes, per Ayers. Ayers anticipates seeing rapid growth in Socure's online gaming, cryptocurrency and e-commerce marketplace clients.

He added that the company is also expanding its partnerships with state and federal government actors to help them invest in digital identity technology after hiring a new head of its public sector business last month. One such use case for Socure is verifying identities to prevent unemployment fraud, cases of which cost the U.S. a total of $400 billion in 2020.



The fundraise comes on the heels of rapid growth in the identity verification space as companies conduct more and more business online, driving demand for more robust security and fraud prevention solutions. The tailwind of digitization helped Socure grow from approximately 350 customers served in March, mostly concentrated in financial services, to nearly 1,000 today across a wider range of industries.

Aaron Webster, chief risk officer of Socure client SoFi, explained his view on what differentiates Socure from its competitors in a written statement to TechCrunch.

– but lack the data science insights of Socure's Sigma+ score that definitively and reliably answers two questions using their multivariate data: 'Is the applicant a real person? Is the applicant who they say they are?'" Webster wrote.

CEO Ayers confirmed that Socure is considering going public.

"We want to be in a position where in 2023, we have all of our ducks in a row," Ayers said of the IPO preparation process. "We will certainly come to market here in the not-too-distant future."

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Anita Ramaswamy was a reporter at TechCrunch focused on crypto and fintech. She also co-hosted TechCrunch's weekly crypto podcast, Chain Reaction, and co-authored its companion...

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